Comment Letter O087 Continued

Castle Airport, Aviation and Development Center (CAADC): Accommodating a Route Stop and a Construction and Maintenance Facility

Overview of Needed Maintenance and Storage Facilities
The draft EIR/EIS indicates that a maintenance and storage facility would be necessary to support the high-speed train fleet and that several sites were being considered. It is also specified that due to some constraints of existing urban development around some of the terminal station locations, it is assumed that only minimal storage and very basic service, inspection and light maintenance functions would be integrated into the station infrastructure. The majority of the fleet storage and service inspection and maintenance are assumed to be supported at the two indicated types of facilities that were defined as:

- Fleet storage /service and inspection/light maintenance facility;
- Main repair and heavy maintenance facility.

The draft EIR/EIS states that one fleet storage/service is necessary and an inspection/light maintenance facility would be needed for each major branch of the system and that such locations would need to be sited near the terminals. CAADC well satisfies these specifications and is centrally located on the Highway 99 corridor. While only one main repair and heavy maintenance facility would be necessary, there are currently three potential sites being considered; one in Bakersfield and two in Los Angeles.

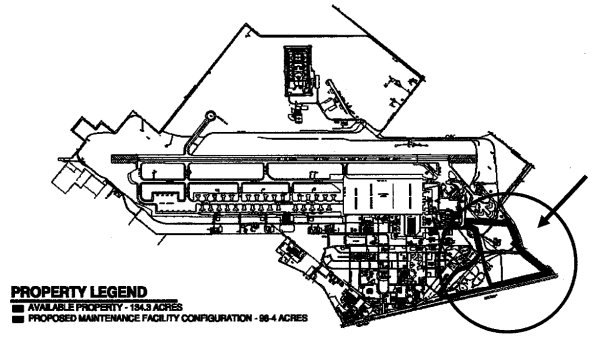
Maintenance Facility Requirements
The criteria for the development of a high-speed train maintenance facility is that maintenance facilities are located near major trunk lines of the system such as Los Angeles to Merced, where a majority of the trains pass through the route stop.

It is the Merced County High-Speed Rail Committee's understanding that the land requirement for a maintenance facility is a total area of 120 acres, with the length of this area being no less than 8,460 feet and a width of no less than 880 feet.

Proposed Maintenance Facility Location
The committee is proposing a maintenance facility site located at the southern end of the CAADC property consisting of 134.3 acres of land pre-zoned for industrial development. This parcel is controlled by the County of Merced and there is an active rail spur on the property. Additionally, this site has the needed square footage for a train service loop. The red area in Exhibit 2 outlines the available acreage on CAADC.

O087-8

Exhibit 2 – CAADC Available Land



O087-8 cont

Maintenance Facility Analysis
CAADC utilized the following criteria in evaluating the proposed site for the high-speed train construction and maintenance facility.

- CAADC Suggested Development Areas
  The proposed CAADC acreage is consistent with the Merced County Board of Supervisors approved categorical development areas. Therefore the proposed sight is consistent and complementary to the adopted zoning and uses for CAADC.

- Ease of Acquisition
  Given that the CAADC site is currently owned and managed by the County of Merced, the acquisition of the construction and maintenance facility land will be less difficult and costly than a parcel that is privately owned and lacks the needed infrastructure and utilities.

- Available Infrastructure and Utilities
  All major infrastructure is currently available on the proposed site including water, sewer, electricity, gas and fiber optics.

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- Airport Access
  The proposed CAADC site is located near the airport with a 11,800 foot runway, which can support the delivery of any heavy duty equipment needed to build a high-speed rail system. In addition, CAADC can provide space for aircraft parking and "build-to-suit" product storage of heavy equipment.

- Environmental Issues
  The former Castle Air Force Base was placed on the U.S. Environmental Protection Agency (EPA) National Priorities list in 1987 because of contamination detected in the base groundwater and soil. The primary contaminate of concern at this site was trichloroethylene. Since the initial detection, CAADC has undergone significant environmental cleanup procedures and has been cleared as having no immediate public health hazards by the EPA and other federal oversight agencies.

- Rail Access
  The proposed acreage has a rail spur located on the site and is next to the main rail line. The rail easement leads directly into the selected proposed CAADC acreage.

- Transportation
  The proximity to Highway 99 allows for easy access for the high-speed train ridership as well as for employees. Additionally the proximity to two major arteries provides for easy access for current public transportation and commuter programs and is well positioned for future regional and inter-modal transportation systems.

- Workforce Training and Availability
  In partnership with the Merced community, CAADC is committed to developing the workforce of the future. A skilled and trained workforce will be provided for a new employer in a short time and at a reasonable cost.

O087-8 cont

Merced County High-Speed Rail Committee Support of the Proposed High-Speed Rail System

The Merced County High-Speed Rail Committee supports the concept of high-speed rail and believes that it can greatly benefit the Central Valley. It is our understanding that the proposed system is projected to carry as many as 68 million passengers annually by the year 2020 and that the current proposed system will be capable of speeds in excess of 200 miles per hour on a fully graded-separated track, with state-of-the-art safety, signaling and automated control systems.

The committee supports this reliable mode of travel which links the major cities and metropolitan areas of the State and delivers consistent travel times. This system can ultimately create an interface with commercial airports and mass transit. Our committee believes that this proposed system will relieve congestion (both current and anticipated) on major freeways and arteries and will contribute to cleaner air by virtue of fewer cars being on the roadways. Additionally, we support that the development of this system and support maximizing the use of existing transportation corridors and rights-of-way that generate the highest ridership and revenues. The committee has summarized the benefits of the proposed high-speed system below:

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Economic Benefits

- Employment opportunities are expected to increase by 450,000 statewide as a result of a high-speed rail system.
- High-speed rail would be two to three times less costly than expanding highways and airports to serve similar travel demands.
- High-speed rail will connect larger economies and business centers to the Central Valley.
- This system is more efficient than building the 2,970 additional lane-miles needed for intercity highways statewide, which would include at least two and sometimes four additional highway lanes along selected intercity highways.
- High-speed rail has a proven 22 year safety record in Europe and Japan.

Travel and Access

- Provides an intercity transportation alternative to augment existing highway and conventional rail travel.
- Is capable of carrying 68 million passengers a year by 2020.
- Provides quick travel times.
- Provides a low passenger travel cost per mile and is safer and more reliable than highway or air travel.
- For longer distance intercity travel, high-speed trains would provide "door-to-door" travel times comparable to air transportation and less than one-half as long as highway travel times.

Comment Letter O087 Continued

- For Central Valley cities to Los Angeles, high-speed trains would provide considerably quicker "door-to-door" travel times than either air or highway transportation options.

Health and Environment

- High-speed rail is better for the environment than expanding highways and airports, since most high-speed rail alignments are within or adjacent to existing rail or highway right-of-ways.
- This system will reduce air pollutant emissions and provide a system that can begin to improve the air quality.
- High-speed rail would use less land than would be needed to expand existing highways and airports.
- High-speed rail would provide opportunities to plan for transit-oriented growth to meet future population demands.
- High-speed rail would provide fewer environmental impacts overall on sensitive habitats and water resources than expanding highways and airports.

Benefits to the Merced Community

- The development of a train maintenance facility on Castle is estimated to create 2,000 full time jobs for the community for a variety of skill sets.
- Provides regional access and transportation for Merced community residents and UC Merced students, faculty, staff and visitors.
- Encourages planned growth around the Central Valley's Highway 99 corridors, which can preserve prime agricultural land in the long term.
- High-speed rail would provide additional transportation capacity for future generations.

O087-9 cont

Recommended Route Alternative by the Merced County High-Speed Rail Committee

After extensive review of the proposed draft EIR/EIS commissioned by the California High-Speed Rail Authority and the Federal Railroad Administration the Merced County High-Speed Rail Committee recommends the selection of the northern Diablo route as the preferred route. This recommendation is based on a variety of factors summarized below:

Access and Route Stops
The northern Diablo route would provide a train route stop in Merced or at CAADC for local residents to utilize, versus the Pacheco Pass routes which would bypass Merced and intersect the Highway 99 corridor near Chowchilla, making Madera or Fresno the closest route stop on the first phase of construction.

Opportunities for Job Creation
The northern Diablo route would provide a train route stop and maintenance facility at CAADC. Additionally if the northern Diablo route is selected, there may be the opportunity for CAADC to serve as a construction facility for the system as well. These facilities are forecast to generate 2,000 jobs for the local area. The Pacheco Pass routes would not provide this opportunity for CAADC.

O087-10

Agricultural Impacts
On the San Jose to Merced alignment there would be an agricultural impact of 549 acres on the northern Diablo route versus 756 acres on the Pacheco Pass routes.

Environmental Impacts
The Pacheco Pass options would potentially impact approximately 100,000 more linear feet of waters and 3,000 acres more of special status habitat than northern Diablo option. Proximity to SR 152 would result in less fragmentation of undisturbed wildlife habitat than the Diablo Range options.

Length
On the San Jose to Merced alignment the length of the system will be 88 miles for the northern Diablo route versus 117 miles for the Pacheco Pass via Gilroy route. The additional mileage directly increases the costs of the system.

Time
On the San Jose to Merced alignment, time to get from San Jose to Merced on the northern Diablo route is 34 minutes versus 40 minutes on the Pacheco Pass via Gilroy route. This directly impacts the frequency of train stops for the whole system.

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Cost
The Pacheco Pass via Gilroy alignment from San Jose to Merced costs $4.35 billion versus the $4.45 billion of the northern Diablo route. Although the Pacheco Pass via Gilroy alignment will cost less in terms of construction, the Diablo Range Direct options would have lower operational and maintenance costs as a result of fewer total miles than the Pacheco Pass options.

Ridership
The northern Diablo option would have higher ridership between Sacramento/Northern San Joaquin Valley and the Bay Area, but would have lower ridership between the Bay Area and Los Angeles since there is no station in south Santa Clara County. Pacheco Pass options would have less ridership between Sacramento/Northern San Joaquin Valley and the Bay Area, but would have higher ridership between the Bay Area and Los Angeles since there would be a potential south Santa Clara County station.

O087-10 cont

Benefits of Locating the Construction and Maintenance Facility in Merced County

Merced County is a community on the move. A wide range of economic and business incentives, along with innovative local programs are available to enhance businesses at CAADC. Customized incentive packages can also be developed based on specific needs. In addition, local businesses receive favorable property taxes and can maximize their use of the Foreign Trade Zone (FTZ) benefits. While this may not be a financial incentive of direct benefit to the State of California, there are great economic advantages to the subcontractors building the high-speed system by being located in a Foreign Trade Zone. The FTZ designation means benefits that include cutting business costs and improving return-on-investment through a reduction in tariffs.

CAADC has worked very hard over the years to provide tangible advantages to the current tenants of CAADC and continues to work daily to attract diverse new users that maximize the infrastructure and transportation systems provided on the site. CAADC's location, access to major transportation routes, and multi-modal capabilities provide a perfect match for the State's need of a construction and maintenance facility for the proposed high-speed rail system. CAADC is not only unique in its infrastructure and location, but also provides numerous valuable services that will help make any business more competitive in today's marketplace. Below summarizes what CAADC can provide to the development of a high-speed rail maintenance and construction facility:

- Foreign Trade and LAMBRA Zone benefits to subcontractors and affiliated businesses;
- Tax Credits for sales and use tax for purchase of equipment and for wages;
- Fast track permitting;
- Workforce availability and training services;
- Access to an airport;
- Acquisition negotiation with one publicly owned entity versus numerous private property owners;
- Available infrastructure on a site that has an existing rail spur and an associated easement;
- Knowledgeable and willing County of Merced staff to assist in site selection and development;
- Low cost electrical rates.

O087-11

Comment Letter O087 Continued

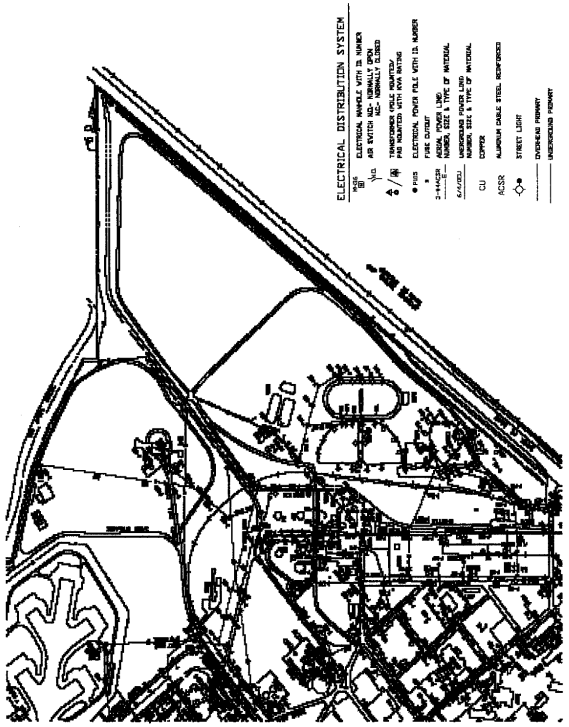
Conclusion

After careful review of the three selected sites for the development of a high-speed train maintenance facility, the Merced County High-Speed Rail Committee believes that the CAADC option is superior to the other alternative sites, since the site is controlled by a sole public entity versus private property owners. Additionally CAADC offers a site with existing infrastructure, and is in a suitable location with a plentiful labor force. In addition, the CAADC site can accommodate the aggressive timeline necessary for constructing the proposed system.

The Merced County High-Speed Rail Committee will continue to work with the California High-Speed Rail Authority and the State leadership to ensure that the high-speed system is constructed in California. Yet, we respectfully request that the Authority continue to take into consideration local perspectives while building this exciting transportation alternative. If the Authority considers any additional route alternatives, our committee would like the opportunity to provide feedback on the social, economic and land use impacts of the new alternatives.

The Merced County High-Speed Rail Committee is looking to the transportation leadership of California, to continue to design and construct a high quality high-speed system of excellence that will redefine the transportation culture of California.

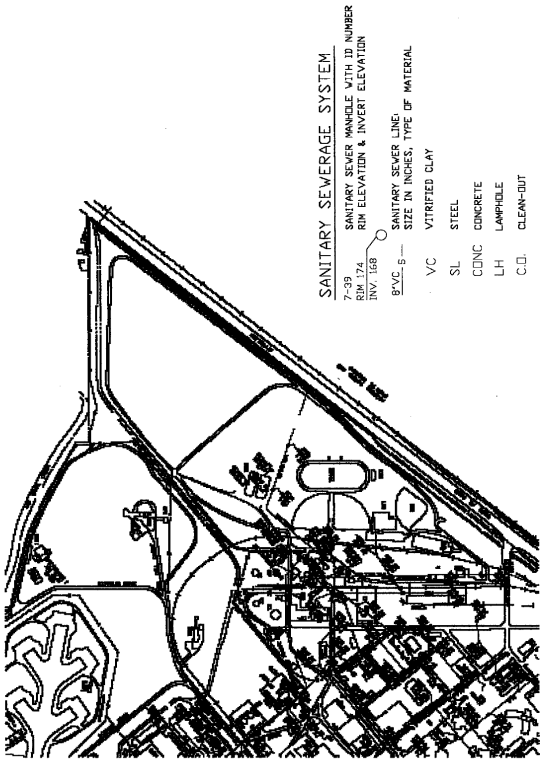
Attachment 1 – CAADC Electrical Distribution System



Comment Letter O087 Continued

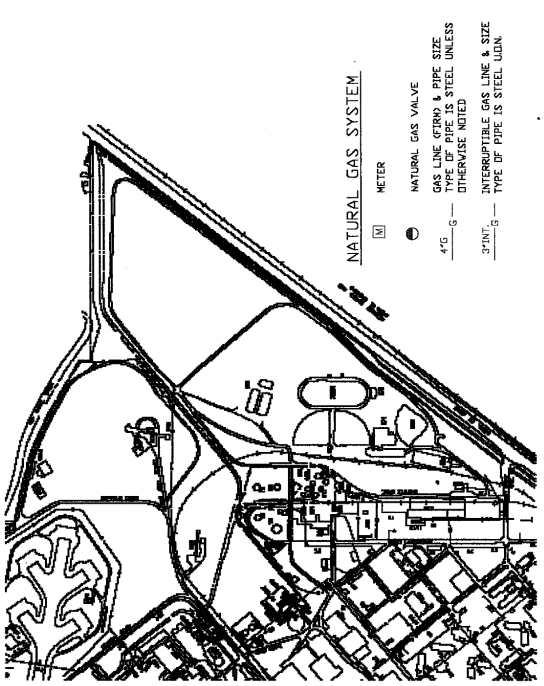
Merced County High-Speed Rail Committee:
High-Speed Rail Maintenance and Construction Facility Proposal

Attachment 2 – CAADC Sewer Distribution System



Merced County High-Speed Rail Committee:
High-Speed Rail Maintenance and Construction Facility Proposal

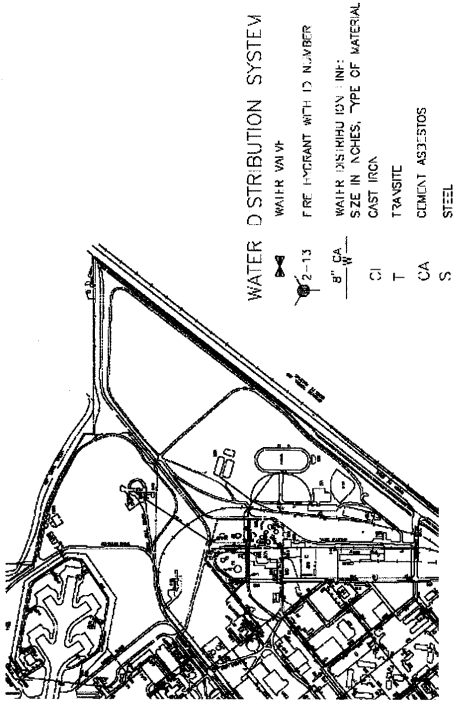
Attachment 3 – CAADC Gas Distribution System

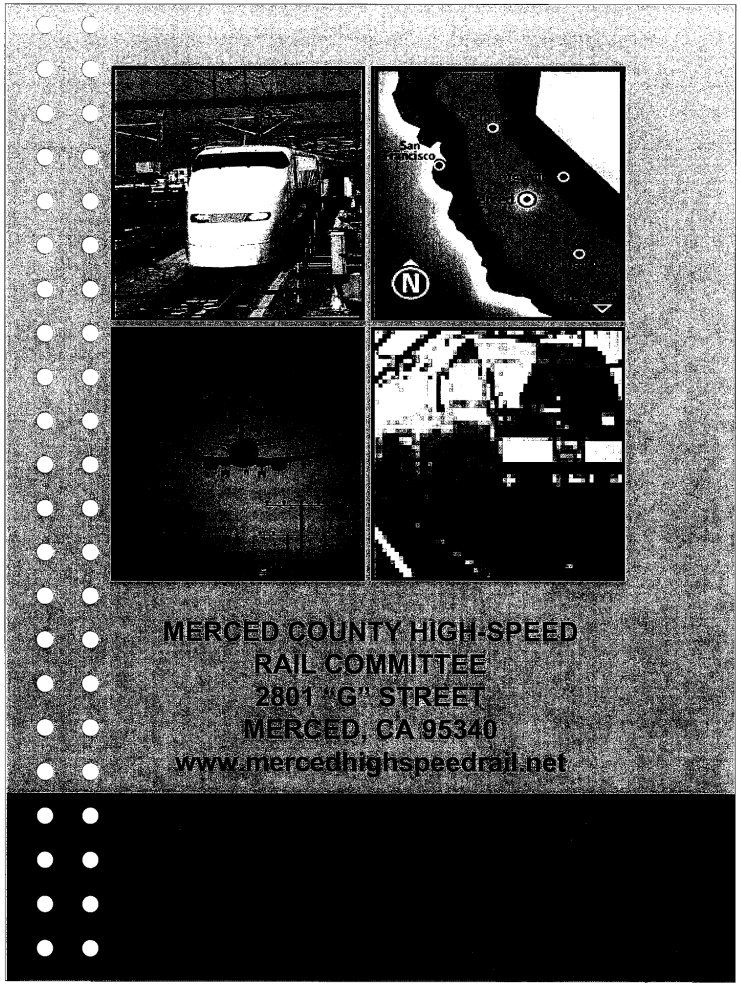


Comment Letter O087 Continued

Merced County High-Speed Rail Committee:
High-Speed Rail Maintenance and Construction Facility Proposal

Attachment 4 – CAADC Water Distribution System





Response to Comments of Merced County High-Speed Rail Committee, No date received, August 2004 (Letter O087)

O087 -01
Please see standard response 6.3.1.

O087 -02
Please see standard response 6.19.1.

O087 -03
Please see standard response 2.35.1.

O087 -04
Acknowledged.

O087 -05
See Standard Response 6.3.1.

O087 -06
See Standard Response 6.19.1.

O087 -07
Acknowledged.

O087 -08
Acknowledged. See Standard Response 6.19.1.

O087 -09
Acknowledged.

O087 -10
See Standard Response 6.3.1.

O087 -11
See Standard Response 6.19.1.